



DOCKET FILE COPY ORIGINAL

4250 NORTH FAIRFAX DRIVE, ARLINGTON, VIRGINIA 22203, TEL: 703.363.0220

July 30, 1999

Ms. Magalie Roman Salas, Secretary  
Federal Communications Commission  
Portals II  
445 Twelfth Street, S.W.  
TW-A325  
Washington, D.C. 20554

RECEIVED

JUL 30 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: *In the Matter of Numbering Resource Optimization, CC Docket 99-2000*

Dear Ms. Salas:

Enclosed for filing are the original and four (4) copies of Qwest Communications Corporation's Comments in the above-referenced proceeding. Also, as requested, we are submitting copies of these comments on diskette to Alvin McCloud, Network Services Division, and International Transcription Services, Inc.

Please acknowledge receipt of this filing by date stamping the enclosed copy included for this purpose. If you have any questions regarding this filing, please contact me at (703) 363-3131.

Sincerely,

Teresa K. Gaugler  
Federal Regulatory Attorney

Enclosures

cc: Alvin McCloud (with diskette)  
ITS, Inc. (with diskette)

No. of Copies rec'd  
List ABCDE

014

DOCKET FILE COPY ORIGINAL

RECEIVED

JUL 30 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of )  
 )  
Numbering Resource Optimization ) CC Docket No. 99-200  
 )

COMMENTS OF QWEST COMMUNICATIONS CORPORATION

Teresa K. Gaugler  
Federal Regulatory Attorney  
Jane Kunka  
Manager, Public Policy

Qwest Communications Corporation  
4250 North Fairfax Drive  
Arlington, VA 22203

July 30, 1999

## TABLE OF CONTENTS

INTRODUCTION .....	1
DISCUSSION.....	2
I. The Commission Should Adopt Structural Optimization Proposals Before Imposing Additional Administrative Costs on Carriers. ....	2
A. <u>The Commission Should Encourage Rate Center Consolidation To the Extent             Local Calling Areas Would Not Be Altered.</u> .....	2
B. <u>The Commission Should Adopt a National Policy For Number Pooling Where             Local Number Portability Capability Is Deployed.</u> .....	3
II. The Commission Should Not Require Carriers To Pay For Their Numbering Resources Because It Would Impede Competitive Entry By Imposing Disproportionate Costs on Competitive Carriers.....	6
III. The Commission Should Not Impose Unnecessary Additional Administrative Costs on Carriers. ....	7
IV. The Commission Should Adopt a Federal Funding and Cost Recovery Mechanism But Should Not Allow ILECs to Recover Their Costs of Number Pooling Through Interstate Access Charges. ....	10
CONCLUSION.....	13

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Numbering Resource Optimization	)	CC Docket No. 99-200
	)	

**INTRODUCTION**

Qwest Communications Corporation (“Qwest”) hereby submits its comments on the Federal Communication Commission’s (“FCC’s” or “Commission’s”) Notice of Proposed Rulemaking in the above-referenced proceeding.<sup>1</sup>

The Commission seeks comment on its proposals for structural mechanisms and administrative measures for optimizing numbering utilization. Qwest urges the Commission to focus on those structural mechanisms to address the underlying causes of area code exhaust. The current structure requiring number allocation within a rate center in blocks of ten thousand has significantly contributed to the exhaustion of Number Plan Areas (“NPAs”). Optimization solutions such as rate center consolidation and number pooling would allow carriers to request allotments of numbers that more effectively meet their needs and reduce the demand for NPA splits and overlays. The Commission should address these structural solutions before adding administrative burdens on carriers that are unnecessary for efficient numbering utilization.

---

<sup>1</sup> *In the Matter Numbering Resource Optimization*, CC Docket No. 99-200, *Notice of Proposed Rulemaking* (rel. June 2, 1999) (“NPRM”).

Carriers should not be required to pay for their numbering resources. Such a requirement is unnecessary and would create a barrier to competitive entry. Finally, the Commission should not allow incumbent local exchange carriers (“ILECs”) to recover their costs of providing number pooling through interstate access charges. Implementation of number pooling has no relation to providing exchange access to interexchange carriers (“IXCs”); therefore, ILECs should not be permitted to recover their costs from IXCs through the carrier access charge system.

## **DISCUSSION**

### **I. The Commission Should Adopt Structural Optimization Proposals Before Imposing Additional Administrative Costs on Carriers.**

#### **A. The Commission Should Encourage Rate Center Consolidation To the Extent Local Calling Areas Would Not Be Altered.**

Qwest agrees that rate center consolidation is a very desirable way of improving number utilization. The current system of NXX allocation, which is based on competitors taking large blocks of numbers for every rate center, makes little sense. Some competitive local exchange carriers (“CLECs”) intend to market their services primarily to specific geographic areas but request blocks of NXXs throughout the region in order to provide service to potential subscribers in other non-target areas. Instead, CLECs should be able to use their numbering allotments in broader geographic areas, rather than obtaining additional NXX blocks in each rate center.

Qwest believes the Commission should encourage states, perhaps through a set of incentives, to consolidate rate centers to the extent that local calling areas are not affected. The work done by the Texas Commission in reducing the number of rate

centers from 108 to 31 is a model for how other states could substantially advance the goal of number conservation without affecting the scope of local calling areas. Such action by state commissions holds the promise of greatly facilitating number conservation while avoiding the customer confusion associated with changes in local calling areas.

B. The Commission Should Adopt a National Policy For Number Pooling  
Where Local Number Portability Capability Is Deployed.

Qwest supports the Commission's proposal to implement thousands-block number pooling and urges the Commission to adopt a nationwide policy for its implementation.<sup>2</sup> The current allocation plan whereby all carriers must obtain blocks of ten thousand numbers even though they may not have an immediate need for all of the line numbers has directly contributed to the exhaust of numbering resources. Number pooling would slow the exhaust of NPAs by allowing carriers to request blocks of numbers that more closely approximate their immediate needs, thereby reducing the amount of stranded unassigned numbers.

Furthermore, the Commission should allow unassigned number porting ("UNP"), whereby carriers are free to transfer unassigned numbers among themselves,<sup>3</sup> because it also allows carriers to meet their immediate needs for numbering resources without requesting excessive resources through thousands-block—or worse ten-thousand block—allotments. Additionally, UNP allows a carrier to better fulfill the unique requirements of customers who request specific numbers that may be allocated to another carrier. The

---

<sup>2</sup> *Id.* ¶ 138.

<sup>3</sup> *Id.* ¶ 142.

requesting carrier would have the flexibility to obtain numbers for its customers that would otherwise not be available through that carrier.

Qwest strongly supports the Commission's proposal to require number pooling where the Location Routing Number ("LRN") infrastructure supporting Local Number Portability ("LNP") has been deployed.<sup>4</sup> Because number pooling requires LNP capability to be effective, Qwest agrees that the deployment schedule for thousands-block pooling should be tied initially to implementation of LRN LNP in the 100 largest metropolitan statistical areas ("MSAs").<sup>5</sup> Moreover, those MSAs today contain the highest concentrations of CLECs and wireless carriers – the entities that have driven the surging demand for numbering resources. By requiring thousands-block pooling in the top 100 MSAs, Qwest believes the Commission can generate enormous gains in number conservation.

The Commission seeks comment on whether it is permitted under the Telecommunications Act of 1996 ("1996 Act") to order LNP capability primarily for the purpose of thousands-block pooling. Under Section 251(e)(1), the Commission has sole and exclusive jurisdiction over numbering in the United States, and the 1996 Act charges the Commission with making numbers available on an equitable basis.<sup>6</sup> The current scheme for allocating numbers has lead to inefficient and inequitable allocation of numbers. The negative consequences are already being felt by consumers and the industry. Consumers are unhappy that they must change area codes during NPA splits,

---

<sup>4</sup> *Id.* ¶ 133.

<sup>5</sup> *Id.* ¶ 144.

<sup>6</sup> 47 U.S.C. § 251(e)(1).

often multiple times. Further, the rapid growth rates of wireless carriers and new entrants may be endangered if they cannot gain access to numbering resources on an efficient and equitable basis. It is vital, therefore, that the Commission take action to conserve and optimize number allocation.

The Commission clearly has authority to require carriers to deploy LNP capability in areas outside the top 100 MSAs for purposes of conserving numbering resources. Section 251(e)(2) of the 1996 Act plainly anticipates two types of Commission actions in the area of numbering: numbering administration and number portability.<sup>7</sup> Number administration necessarily includes matters such as number conservation that are needed to ensure that the current numbering scheme is not exhausted prematurely. It would seem clear that if the Commission has authority to establish requirements aimed at conserving numbering resources, then it necessarily has authority to order carriers to take steps to effect such conservation. The only limitation on the Commission's statutory authority to require carriers to deploy LNP technology for number conservation purposes is the Commission's duty to ensure that costs incurred by carriers in complying with the Commission's numbering mandates are "borne by all telecommunications carriers in a competitively neutral basis."<sup>8</sup> If, however, the Commission elects not to exercise its authority to require carriers to deploy LNP technology to enable pooling, the Commission should nonetheless require number pooling be implemented simultaneously with the implementation of LRN LNP in areas other than the 100 largest MSAs.

---

<sup>7</sup> 47 U.S.C. § 251(e)(2).

<sup>8</sup> *Id.*



**II. The Commission Should Not Require Carriers To Pay For Their Numbering Resources Because It Would Impede Competitive Entry By Imposing Disproportionate Costs on Competitive Carriers.**

Qwest strongly opposes the Commission's proposal to require carriers to pay to obtain their numbering resources. The Commission suggests that such a scheme would provide incentives for carriers to use numbers efficiently.<sup>9</sup> Qwest submits that the negative impact on competition would far outweigh any potential conservation benefit. Imposing these costs on carriers would create an unnecessary barrier to entry, especially if numbers were to be allocated by auction. The revenues of the largest competitors dwarf new entrants, and large carriers could easily bid higher in an auction for numbers even if they had no immediate plans for those numbers. In this way, new entrants may be effectively locked out of the market simply because they cannot afford to pay for their initial numbering resources. The largest competitor in each region – typically the ILEC – could easily use an auction process to raise its rivals' costs of entry by bidding up the price for numbers and either “winning” and warehousing the numbers, or “losing” but draining capital from new entrants. By requiring carriers to compete for numbering resources before they have the opportunity to compete for end user customers, the Commission would be adding a significant barrier to entry that is unnecessary to optimize the utilization of numbering resources.

Furthermore, allocating numbering resources by requiring carriers to pay for numbers would not be competitively neutral in accordance with Section 251(e)(2) of the 1996 Act because many ILECs already have an embedded base of numbers that they have

---

<sup>9</sup> *NPRM* ¶ 226.

been using without payment. There is no equitable manner for the Commission to determine the market value for those numbers and fairly assess the ILECs for their use of such numbers. Furthermore, holding an auction for numbers would create a perverse incentive for carriers to obtain numbers earlier, even though they may not have an immediate need for them. Carriers that requested numbers at a time closer to exhaustion of the NPA would be disadvantaged by paying a higher fee for them due to higher demand. Thus, allowing the market to set the rate may encourage carriers to obtain numbers, regardless of their actual need, in order to avoid paying the higher fee at a later time.

### **III. The Commission Should Not Impose Unnecessary Additional Administrative Costs on Carriers.**

The Commission seeks comment on what evidence carriers should be required to present to show they have a need for initial NXX codes.<sup>10</sup> Because carriers cannot legally provide service in a state before receiving proper certification or licensing from the relevant state commission, Qwest agrees that carriers should be required to receive such certification or licensing before requesting initial codes. Thus, Qwest recommends that carriers be required to certify they have received such certification or licensing along with their request for initial blocks of numbers. This requirement will not unduly burden carriers and will ensure that carriers requesting NXX codes are legally able to begin using those codes shortly after receiving them.

---

<sup>10</sup> *Id.* ¶ 58.

While Qwest agrees that carriers' systems should be ready to provide service shortly after receiving number allotments, Qwest does not believe it is necessary or appropriate for the Commission to require carriers to provide detailed information on the equipment they intend to use to provide service, the readiness of their network or switches, or their progress with their business plan. The North American Numbering Plan Administrator ("NANPA") should not be put in the position of evaluating a carrier's business plan or equipment readiness. Such a requirement is beyond the expertise of NANPA and would likely hinder or delay competitive entry if carriers were required to engage in discussions with the NANPA to prove their systems are ready and available to provide service. Making such a detailed showing would be particularly burdensome for new entrants and place them at a competitive disadvantage compared to ILECs who would not have to provide such information. In addition, it is not clear whether NANPA would have the systems and procedures in place to keep confidential this type of sensitive business information. Qwest urges the Commission to consider its proposed structural numbering optimization plans, as discussed above, before imposing additional administrative burdens on carriers.

Qwest generally agrees that carriers should utilize a significant portion of the numbers they have already obtained before requesting growth codes. However, Qwest encourages the Commission to be mindful of the circumstances of new entrants in establishing a uniform utilization rate. The Commission should not establish a rate that may inhibit the growth of carriers. If the utilization rate is set too high, a fast growing carrier would be hampered in its marketing efforts because it may exhaust its numbers in a particular area before having the opportunity to obtain growth codes. Furthermore, any

utilization rate should not inhibit the geographic expansion of a carrier's service. If a carrier does not achieve its forecasted market share or utilization rate in a particular area, it should not be prohibited from obtaining NXX codes in another area where it may need those resources.

At the same time, while a high utilization rate may provide incentives for carriers to efficiently utilize their numbering resources, any utilization rate should accommodate the reality that CLECs today are bound by the current rate center structure. Because state commissions control the number and location of rate centers, new entrants may not have the opportunity to more efficiently utilize their existing resources in a particular rate center because their customer base is geographically dispersed and the state commission may be disinclined to consolidate rate centers.

Qwest believes any utilization rates should be calculated at the rate center level, rather than at the NPA level, because the rate center is the level at which carriers request new NXX codes.<sup>11</sup> A utilization rate calculated throughout the NPA would not capture the level of detail that is necessary to identify and minimize wasteful allocation of numbers by particular carriers. For example, a carrier's high utilization rate throughout the NPA could mask a lower utilization rate within one or more individual rate centers. Such a carrier may be able to obtain more NXX codes within a rate center even though it had not made efficient use of its existing NXX codes. Similarly, a carrier's low utilization rate aggregated at the NPA level may overshadow its high utilization in the relevant rate center, and that carrier would be unable to obtain more NXX codes in the

---

<sup>11</sup> *Id.* ¶ 67.

rate center where it truly needs additional numbers. No purpose would be served by calculating a utilization rate without reference to the pace of exhaust in the specific rate center where the carrier has requested growth codes.

**IV. The Commission Should Adopt a Federal Funding and Cost Recovery Mechanism But Should Not Allow ILECs to Recover Their Costs of Number Pooling Through Interstate Access Charges.**

The Commission seeks comment on its tentative conclusion that it has jurisdiction to address cost recovery mechanisms for both interstate and intrastate costs. Section 251(e)(1) of the 1996 Act provides the Commission with exclusive jurisdiction over the North American Numbering Plan within the United States.<sup>12</sup> Additionally, Section 251(e)(2) mandates that costs for numbering administration be borne by carriers according to the Commission's rules.<sup>13</sup>

The language of Section 251 does not distinguish between interstate and intrastate calls. Moreover, the Commission has already concluded in its *LNP Third Report and Order*<sup>14</sup> that it possesses authority over the manner in which carriers recover both their intrastate and interstate costs of deploying LNP technology. Qwest believes that the question of whether the Commission can determine intrastate and interstate cost recovery for number pooling technology is indistinguishable from its prior decision that the FCC possesses authority to establish recovery mechanisms for LNP technology used primarily

---

<sup>12</sup> 47 U.S.C. § 251(e)(1).

<sup>13</sup> *Id.* § 251(e)(2).

<sup>14</sup> *In the Matter of Telephone Number Portability*, CC Docket No. 95-116, *Third Report and Order* (rel. May 12, 1998) ("*LNP Third Report and Order*").

to allow local telephone customers to retain their phone number when changing local carriers.

Furthermore, Qwest agrees with the Commission's tentative conclusion that a federal recovery mechanism for number pooling is most appropriate. Because number pooling is closely tied to LNP, it is fitting that the funding mechanisms for implementation of those plans be consistent. The Commission would create a high risk of state decisions that were inconsistent with each other and potentially with the FCC's recently-established LNP cost allocation rules if it determined in this proceeding that state commissions alone should ascertain the amount of carriers' intrastate pooling costs and the manner in which those costs are recovered. Moreover, because number pooling will involve access to the LNP regional databases, there would be no individual state with jurisdiction to institute a competitively neutral funding mechanism because costs of regional databases are necessarily shared among multiple states. For these reasons, Qwest submits that cost recovery associated with number pooling is without question best handled at the national level.

Qwest strongly opposes the Commission's proposal to allow ILECs to recover their interstate carrier-specific costs through exogenous adjustments to their access charges rather than through end-users charges.<sup>15</sup> In its *LNP Third Report and Order* establishing cost recovery mechanisms for LNP costs, the Commission found that

---

<sup>15</sup> *NPRM* ¶ 204.

“number portability is not an access-related service” and prohibited ILECs from recovering such costs in interstate access charges.<sup>16</sup>

Moreover, the Commission found that allowing ILECs to recover LNP costs through access charges most likely would violate the requirement that LNP costs be borne by all carriers on a competitively neutral basis.<sup>17</sup> That is, the costs of LNP would be borne disproportionately by long distance carriers who would pay not only for their own costs but also those of the ILECs, via the ILECs’ access charges. There is no basis in law or policy for the Commission to reach a different conclusion in this instance. As with LNP technology, number pooling functionality is a separate and distinct service from exchange access service. Permitting ILECs to recover the number pooling costs through access charges would be flatly inconsistent with the competitive neutrality mandate of Section 251(e)(2) and with the Commission’s decision just last year on virtually the same issue. For these reasons, Qwest submits that ILECs must not be allowed to recover those costs from interexchange carriers through their interstate access charges.

---

<sup>16</sup> *LNP Third Report and Order* ¶ 135.

<sup>17</sup> *Id.*

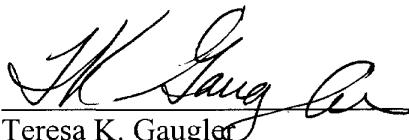
## CONCLUSION

For the reasons stated above, the Commission should adopt structural mechanisms for numbering optimization, such as rate center consolidation and number pooling. The Commission should not adopt additional administrative requirements until those structural mechanisms have taken effect and the Commission sees need to impose additional requirements. At this time, imposing additional administrative requirements will unnecessarily burden carriers. Furthermore, carriers should not be required to pay for numbering resources they receive or request. In addition, ILECs should not be permitted to recover their costs of implementing number pooling through the carrier access charge system because number pooling is unrelated to exchange access.

Respectfully submitted,

QWEST COMMUNICATIONS CORPORATION

Jane Kunka  
Manager, Public Policy  
Qwest Communications Corporation  
4250 North Fairfax Drive  
Arlington, VA 22203  
(703) 363-4894

  
Teresa K. Gaugler  
Federal Regulatory Attorney  
Qwest Communications Corporation  
4250 North Fairfax Drive  
Arlington, VA 22203  
(703) 363-3131

July 30, 1999



I, Douglas C. Nelson, hereby certify that on this thirtieth day of July, 1999, a copy of the foregoing Comments of Qwest Communications Corp. was served on the parties listed below via hand delivery.

  
\_\_\_\_\_  
Douglas C. Nelson

Chairman William Kennard  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> St., SW, Room 8-B201  
Washington, DC 20554

Magalie Roman Salas, Esq.  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> St., SW  
Room TWA-325  
Washington, DC 20554

Commissioner Susan Ness  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> St., SW  
Room  
8-B115  
Washington, DC 20554

Commissioner Michael Powell  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> St., SW, Room 8-A204  
Washington, DC 20554

Commissioner Harold Furchtgott-Roth  
Federal Communications Commission  
The Portals 445 12<sup>th</sup> St., SW  
Room 8-A302  
Washington, DC 20554

Commissioner Gloria Tristani  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> St., SW  
Room 8-C302  
Washington, DC 20554

Alvin McCloud  
Common Carrier Bureau  
Network Services Division  
445 Twelfth Street, SW, Room 6-A423  
Washington, DC 20554

International Transcription Service  
1231 20<sup>th</sup> St., NW  
Washington, DC 20554